

For general release

REPORT TO:	CHILDREN AND YOUNG PEOPLE SCRUTINY SUB-COMMITTEE 18 June 2019
SUBJECT:	Dedicated School Grant Deficit Recovery Plan
LEAD OFFICER:	Robert Henderson, Executive Director - Children, Families and Education
CABINET MEMBER:	Councillor Alisa Flemming - Cabinet Member for Children, Young People and Learning
PERSON LEADING AT SCRUTINY COMMITTEE MEETING:	Shelley Davies, Interim Director of Education and Youth Engagement and Kate Bingham, Interim Head of Finance - Children, Families and Education

CORPORATE PRIORITY/POLICY CONTEXT/AMBITIOUS FOR CROYDON:

The content of this report will contribute to the delivery of the following key priority / outcome: 'Our children and young people thrive and reach their full potential, ensuring that all children and young people in Croydon are safe, healthy and happy, and aspire to be the best they can be; and that every child and young person can access high quality education.'

ORIGIN OF ITEM:	This item is contained in the Sub-Committee's work programme
BRIEF FOR THE COMMITTEE:	To scrutinise and comment on the proposed Dedicated School Grant Deficit Recovery Plan

1. EXECUTIVE SUMMARY

Where a Local Authority (LA) has an overall deficit on DSG of one per cent or more at the end of the 2018/19 financial year, it must submit a recovery plan to the DfE by 30th June 2019. Croydon Council had a net allocation of Dedicated Schools Grant, High

Needs Block funding of £57,567m in 2018/19 and reported an outturn deficit of £5.6m, with a cumulative deficit of £13m.

This report outlines the Department for Education (DfE) guidance, including specific evidence requirements and submission templates, as well as the broad content of that recovery plan and next steps, prior to submission to the DfE. The recovery plan is underpinned by the Council's SEND Strategy, which sets out areas for development informed by the views of young people and children with SEND.

2. DEDICATED SCHOOL GRANT DEFICIT RECOVERY PLAN

2.1 Introduction

2.1.1 Following a brief consultation period the Department for Education (DfE) introduced, as a condition of the 2019/20 Dedicated School Grant (DSG), the requirement to provide recovery plans for DSG deficits.

2.1.2 Where a LA has an overall deficit on DSG of one per cent or more at the end of the 2018/19 financial year, it must submit a recovery plan to the DfE by **30th June 2019**, setting out how it plans to bring the overall DSG account into balance within a maximum of three years. In exceptional cases the authority may propose to leave some of the accumulated deficit outstanding, where it is not practicable to do otherwise. The recovery plan should be discussed and, if possible, agreed with the Schools Forum, and will require Chief Finance Officer (CFO) / Section 151 Officer sign off prior to submission to the DfE. Further [guidance for LAs](#) on the process and format for submitting the recovery plan was issued in March 2019.

2.2 Obligation to submit

2.2.1 To determine the obligation to submit a deficit recovery plan, a deficit should be calculated against gross DSG for 2018/19 before recoupment, as most recently notified to the authority by the DfE. For Croydon, one percent of the gross 2018/19 DSG allocation (as set out in Table 1) equates to £3.370 million. The confirmed DSG outturn as at the end of the 2018/19 financial year as £9.193 million and, therefore, Croydon falls within the threshold for submitting a plan.

Table 1 Dedicated Schools Grant 2018/19

Dedicated Schools Grant (before recoupment)	2018/19 £'m
Schools Block	243.874
Early Years Block	26.697
High Needs Block	60.211
Central Services Schools Block	6.177
TOTAL DSG 2018/19	336.959

- 2.2.2 In terms of the duration of that recovery plan, our response to the consultation strongly put forward the case for the recovery plan to be based on a more realistic and strategic time frame of five years. This is in line with our High Needs five year strategy with key areas to be targeted. The intention is to improve the provision while reducing the expenditure in order to ensure that we can fulfil our statutory duty to be meet the needs of all pupils with special education needs. The [0-25 Special Educational Needs and Disabilities Strategy](#) was presented to Cabinet on 25 March 2019.
- 2.2.3 The DfE has generally accepted the need for a longer period as the guidance states that if a LA feels that a three-year time frame is not realistic, it will be able to submit with its plan evidence that states how this may not be achievable and the DfE will review each recovery plan on a case by case basis and will decide if a recovery plan that leaves some or all of the deficit accumulated to date outstanding can be accepted, resulting in the LA carrying forward the agreed deficit and there would be no requirement for this to be recovered within the three-year period.
- 2.2.4 Any LA that proposes to leave part or all of their accumulated DSG deficit outstanding will need to provide a clear explanation as to why their deficits could not be recovered in the short term and provide thorough evidence to support their proposals. They will also need agreement from their CFO.
- 2.2.5 As stated in the March 2019 Cabinet Report, the SEND Strategy includes measures which support increased local provision in state funded schools and the focus of the Five Year High Needs Funding Strategy is to establish a balanced budget within a five year period. This strategy was approved by Schools Forum (July 2018) and the financial implications approved by the Section 151 Officer.

2.2.6 The agreement of recovery plans will give assurance that LAs will not be called upon to repay the DSG deficit faster than set out in the plan; and where the DfE agree that an element of the deficit does not need to be repaid during the period of the recovery plan, that will give assurance that the LA will not be called upon to repay any part of that element for at least three years.

2.3 Deficit Recovery Plan

2.3.1 The DSG deficit recovery plan relies heavily on the success of the 0-25 Special Educational Needs and Disabilities Strategy and, consequently, the draft Recovery plan (attached at Appendix 1) draws heavily from this strategy.

2.3.2 The DfE has provided template submission documents in the form of a narrative and a financial summary (attached at Appendix 2 and 3, respectively).

2.3.3 It is intended that the draft plan, as it currently stands, will be converted into the narrative template and a financial summary will be completed for the final School Forum and Scrutiny Sub Committee report.

2.3.4 The DfE guidance clearly states that LAs should provide detailed responses to each question in order for us to have a complete understanding of the pressures they have faced, and the savings they intend to make. Further, the DfE expects a range of evidence to support the recovery plan, typically including the evidence that is already required for block transfer requests, included at paragraph 138 of the [Schools revenue funding 2019 to 2020 Operational guide December 2018](#).

2.3.5 More specifically, the Deficit Recovery Plan guidance requests a full breakdown of specific budget pressures on DSG funded services locally that have led to the local authority incurring a cumulative DSG deficit of over 1% and where the deficit has resulted from high needs pressures information should include

- the changes in demand for special provision over the last three years, how the local authority has met that demand by commissioning places in different sectors (mainstream and special schools, further education and sixth form colleges, independent specialist provision and alternative provision), and if there have been any reductions in the provision for mainstream school pupils with high needs (Appendix A of Appendix 1 shows changes in numbers of EHC Plans maintained by the Local Authority and placement patterns over the past two years);

- an assessment and understanding of the specific local factors that have caused an increase in high needs costs to a level that has exceeded the local authority's high needs funding allocations; and
- a plan to change the pattern of provision where this is necessary, as well as to achieve greater efficiency and better value for money in other ways, together with evidence of the extent to which the plan is supported by schools and other stakeholders.

2.3.6 The deficit recovery plan must also show (in detail):

- how the LA intends to bring its DSG reserve into balance within three years (or longer – proposed five years);
- how expenditure will be contained within future funding levels If the LA judges that it cannot recover the whole of its cumulative DSG deficit within three years, explaining the reasons for this; and
- if the LA wishes to defer recovery of some of the cumulative deficit, that it is able to at least contain its expected in year expenditure within its expected in year DSG income by the end of the three-year period.

2.3.7 In addition, evidence should include details of:

- any previous movements between blocks;
- what pressures those movements covered; and
- why those transfers have not been adequate to counter the new cost pressures.

2.3.8 Finally, evidence should include assumptions on assumed future transfers between blocks of the DSG, if permitted in future years, and evidence of support from the schools forum and wider school community for these.

2.4 Agreement

2.4.1 In addition to discussions at this sub-committee, it is essential that both the Croydon Schools Forum and the Section 151 agree the plan before submission to the DfE by 30th June. The timeline for agreement of the Deficit Recovery Plan is outlined below (Table 2).

Table 2 Agreement Timeline

Draft Report	School Forum pre-meet Scrutiny Sub Committee – CYP pre-agenda	22 nd May 2019
Final Report	School Forum Scrutiny Sub Committee – CYP	10 th June 2019 18 th June 2019
DSG Deficit Recovery Plan	Section 151 Officer DfE Submission	24 th June 2019 26 th June 2019

2.5 Next Steps

- 2.5.1 Once LAs have submitted their plans by 30 June 2019, the DfE will begin to review each plan with the intention of giving feedback to LAs by the end of September 2019. All plans will be reviewed by a panel and will look to discuss the viability of the plan as well as establish areas in which the department can support local authorities to bring their deficits into balance.

3. CONSULTATION

- 3.1 High Needs Working Group, School Forum and ELT

4 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 4.1 The report is a joint submission from Shelley Davies and Kate Bingham, Head of Finance and all financial implications are contained either in the body of the report or in Appendix 1 and 2.
- 4.2 Risk assessment – both the consultation proposal and the final conditions of the 2019/20 DSG are silent on any sanctions that may be imposed as a consequence of non-compliance or, in fact, what non-compliance would look like. The DfE guidance states that by requesting this information from each LA, the department will have better visibility of deficits and will be able to work with LAs to help bring deficits back to balance.

Approved by: Kate Bingham (Head of Finance).

5 LEGAL CONSIDERATIONS

- 5.1 The Head of Social Care and Education comments on behalf of the Director of Law and Governance that the DSG Deficit Recovery Plan conforms with current legislative and Department of Education requirements.
(Approved by: Doutimi Aseh, Head of Social Care and Education, on behalf of Sean Murphy, Director of Law and Deputy Monitoring Officer)

6 HUMAN RESOURCES IMPACT

- 6.1 There are no direct Human Resources implications arising from this report. However, the content of this report are likely to have an impact on the future development of Council services, which may have HR implications. Where that is the case, the Council's existing policies and procedures must be observed and HR advice sought at an early stage.

Approved by: Sue Moorman Director of Human Resources

7 EQUALITIES IMPACT

- 7.1 This was completed for the SEND strategy.

8 ENVIRONMENTAL IMPACT

- 8.1 There are no direct implications contained in this report.

9 CRIME AND DISORDER REDUCTION IMPACT

- 9.1 There are no direct implications contained in this report.

10 REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 10.1 The recommendations are to scrutinise and comment on the proposed Dedicated School Grant Deficit Recovery Plan.

11 OPTIONS CONSIDERED AND REJECTED

- 11.1 There is no requirement for additional action at this time.

CONTACT OFFICER:

Shelley Davies, Interim Director of Education and Youth Engagement &

Kate Bingham, Interim Head of Finance - Children, Families and Education

BACKGROUND DOCUMENTS:

None

APPENDICES:

Appendix 1

Draft DSG Deficit Recovery Plan

Appendix 2

Census comparative analysis: SEN2 (SEN statutory report) 2018 and 2019 Local Authority Dedicated Schools Grant Deficit Recovery Plan - Narrative Template

Appendix 3

Local Authority Dedicated Schools Grant Deficit Recovery Plan – Financial Summary Template

Appendix 1

Draft Deficit DSG Recovery Plan

Introduction

Since the introduction of the *Children and Families Act 2014* and the subsequent revision of the statutory *Special Educational Needs Code of Practice* (January 2015) extending responsibility to meet the needs from age 0-25, nationally, Local Authorities (LAs) have struggled to meet the growth in numbers within the existing financial funding model. In Croydon there has additionally been population growth in the Borough (**numbers 2015 - 2019 to be included**) and the correlation of rise in children and young people with Special Educational Needs and Disabilities (SEND). There was no additional funding from central government to support this.

Lobbying action is underway on central government to revise the funding position and a call for evidence has resulted with submissions expected by 30th July.

Croydon has reported an overall Dedicated School Grant (DSG) deficit for the period 2018/19 of £9.193m which equates to 3% of the gross DSG allocation (5% of the net). Over the last four years, Croydon has built up a significant deficit against its High Needs Block allocation from central government. The Department for Education has issued a requirement on Local Authorities that have more than a 1% deficit on overall DSG to indicate how this will be addressed over the next three years.

It is recognised that overspends on High Needs are a major factor contributing to DSG deficits and this is the case for Croydon where the High Needs overspend in year for 2018/19 is £5.611m.

The main sources of High Needs budget pressures in Croydon over the last few years have related to:

- (i) increasing population
- (ii) increasing numbers of pupils placed in independent/non-maintained special schools and colleges (and increasing costs of this type of provision)
- (iii) increasing spend on pupils placed in other Authority schools
- (iv) increasing numbers of places commissioned in the Borough's own specialist provision, and
- (v) a rise in numbers of pupils with EHCPs and additional funding in mainstream (and in unit costs)
- (vi) Increase in requests for assessments that have resulted in plans issued.
- (vii) Low number of annual reviews attended and plans ceased at appropriate points.

This High Needs strategy sets out a five year plan to address the current overspend, which identifies three key areas which specifically impact on High Needs Block spend:

- development of local capacity to meet a broader range of needs and reduce reliance on higher cost placements in the independent/non-maintained sector

- strengthening capacity for inclusion in local mainstream schools Croydon is the second highest London Borough in its percentage of pupils in special schools overall (1.06% of 0-19s compared to 0.9% England average¹). In addition, it has an above average percentage of pupils in mainstream resource bases (0.15% vs 0.08% nationally).
- improved pathways for post 16 young people with SEND (currently 40% of the High Needs Block is spent on young people aged 17-25 with an EHC Plan).

There is political and community support for the SEND Strategy, which supports delivery of improvements to address these areas, including improved use of data intelligence in projecting and planning for resources to meet identified needs.

A key area of growth in spend has been on pupils with Autistic Spectrum Disorders (ASD). Numbers being diagnosed have increased considerably and this group accounts for the highest percentage of placements in independent/non-maintained special schools. Croydon has made a successful application for a new free special school (2-19) which will cater for ASD pupils with severe learning difficulties. This is expected to admit pupils from September 2020.

There has also been significant growth in demand for 16-25 specialist provision. This now accounts for around 40% of High Needs spend. Further increases, fueled by parental expectations generated by the national SEND reforms, are in danger of adding to the existing deficit and eroding capacity to meet High Needs at earlier phases (school age and early years).

See Appendix 2 for age related data.

Croydon's DSG deficit recovery plan:

Broad directions:

The Local Authority's strategy has been based around an 'invest to save' approach. In addition to the new ASD special free school, additional places have been commissioned in a number of local special schools and resource bases. A new Post 16 local pathway is being created at Croydon FE College which is designed to support a more effective transition for young adults with complex and significant needs into local adult social care provision. In order to create a stronger and more consistent universal (mainstream) offer, steps are under way to develop a new mainstream funding model linked to clusters of mainstream schools. This will be introduced initially on a pilot basis and, if successful, will extend Borough-wide.

The Authority has also commissioned an external review of the organisation and funding of its specialist and alternative provision. This has identified a number of issues, particularly the need for:

- specialist/alternative provision to focus more clearly on those pupils with complex and significant ('exceptional') difficulties

¹ CSIE statistics for 2017 (published in April 2019)

- clearer and more consistent progression pathways that will help build the confidence of parents/carers in local provision (specifically in regard to the provision and community based offer to support transition to adulthood for those likely to be eligible for adult social care and mainstream SEN support)
- a collective commitment to meet the needs of pupils within Borough wherever possible
- a greater emphasis on the development of independent/resilience so that Croydon children and their families are more able to deal with the challenges of progression to adulthood
- a more formal role for specialist/alternative providers in helping to strengthen the capacity of ordinary mainstream schools to meet a broader range of needs

Steps are also in hand to establish a working group (involving parents/carers) to co-produce a range of local 16-25 pathways for young adults with different levels of need. This will require a clear budgetary reference point to ensure a managed and financially sustainable approach.

The following section sets out more specific details with regard to how the deficit will be addressed over a five year period. We do not consider that a three year time limit is realistic, given the size of the existing deficit and the short-term strategic commitments that have already been made. Financial modelling is based on reasonable assumptions. However, there are still considerable risks that will have to be managed. These are set out in the final part of this paper.

Planned savings - to result in a budget by 2024/25 £5.6million less than 2018/19 out-turn:

(i) Independent/non-maintained special schools (high cost):

The Authority currently has 225 pupils in independent/non-maintained specialist provision at an overall cost of £11.8m. Placements for 176 of these cost more than £30k per year. Spend per pupil ranges from £7k pa to £234k pa.

The new special free school (Addington Valley Academy) is being targeted at pupils with ASD and significant learning difficulties who are currently placed in schools such as Kisimul, Eagle House and Papillon. Costs of this provision are in the region of £50k pa to £100k pa for a total of 41 pupils. Planned place costs for AVA are £32.7k pa. If AVA is able to meet this needs profile successfully, we would expect a saving of **£1.3m** at the end of the 5 year period

(ii) Independent/non-maintained (INM) special schools (moderate cost):

It is expected that the needs of the significant majority of other pupils placed in the independent, non-maintained sector could be met by strengthening the capacity of our existing special schools (in particular, Chaffinch Brook, which caters for higher functioning pupils with ASD). Pupils are currently placed in a range of independent non-maintained schools, with significant groupings at Baston House (10) and Blossom House (9). Costs of this provision typically range from £35k pa to £45k pa.

Place costs at Chaffinch Brook are £28.7k pa. If this school is able to meet the expected needs profile successfully, we would expect a saving of around **£730k** at the end of the five year period. Additional savings would be achieved through enhanced capacity in other local specialist provision although these are likely to be more modest.

(iii) Independent Non-maintained schools/colleges: 16-25:

It is estimated that over 40% of the current High Needs spend is on students who are 16-25. 114 of the pupils in INM specialist provision are post 16. 81 of these are Y14 plus, and 61 19+.

Spend on post 16 independent, non-maintained is £5.67m, with £3.44m spent on Y14 plus and £2.69m on post 19. Proposed savings for the 16-19 age group (higher cost) are included in section (i) above. However, it is estimated that, if the proposed local post 19 pathway at Croydon College can be established successfully, a saving of **£630k** could be made, with a further **£330k** if provision is offered (and accepted) from Y14 (see Appendix ii for modelled savings achieved through the first year of current pilot post 19 pathway).

(iv) Reduction in overall use of specialist provision:

Establishing local pathways to provide for pupils and students currently in independent, non-maintained (INM) specialist schools and colleges requires suitable places to be available. An additional 150 places are planned at the new free special school (AVA) with extra places also being commissioned from St Nicholas and Red Gates (primary special school provision). The new Croydon College pathway will provide 75 places. This is a considerable investment, which exceeds current INM occupancy. The increase in local places also reflects ongoing growth in overall demand for places in specialist provision, which is outstripping supply.

Our financial analysis indicates that independent, non-maintained savings will not be sufficient to address the full extent of the deficit and changes will therefore be needed in other areas. There will need to be progressive downscaling of costs across the continuum of provision, with an overall reduction in use of specialist provision overall. Developments are in hand to strengthen mainstream capacity for pupils with more modest ('predictable') needs. It is expected that these developments will lead to a more consistent universal offer and reduced reliance on specialist options to meet this level of difficulty. This will help create space at the Borough's special schools (particularly, St Nicholas, Bensham Manor and Chaffinch Brook) for pupils educated in independent, non-maintained schools or specialist provision in other Authority areas (200 pupils are currently placed in other LA special schools). Re-commissioning of mainstream resource bases (Enhanced Learning Provisions) is also in hand to ensure that these focus more consistently on pupils whose needs are difficult to meet in conventional mainstream settings.

It is estimated that, if mainstream developments are successful, 100 fewer places in specialist provision will be required in 5 years' time. This will lead to a cost saving of **£1m** (based on reduction in place costs but retention of top-up).

It is also expected that admissions to specialist provision will be arranged more

quickly. A relatively high number of pupils awaiting placement are educated in alternative provision (Springboard). A more limited focus of this provision on those pupils who are unable to attend school for medical reasons should lead to savings on this budget of around **£0.4m**.

(v) Central SEND spend:

The Authority currently spends £5.2m from the HNB on a range of central SEND services. These include support services, therapy costs and a proportion of funding for SEN transport and administration. In addition, the HNB is funding the cost of the Virtual School and the primary PRU intervention programme.

Reductions in this spend will be achieved through:

- (i) Relocation of some existing costs to other DSG budgets (CSSB/PPG)
- (ii) Savings in SEN support service budgets (through budget reduction or increased level of trading)

It is estimated that **£0.5m** of the deficit can be recovered through these mechanisms.

(vi) Other

Consideration will need to be given to the following other options for recovering the full extent of the deficit:

(a) Limiting entitlement to post 16 education to 3 years rather than 5:

Currently a number of special school pupils go on to FE colleges/independent, non-maintained placements following 2 years in the 6th form. This can lead to a 5 year overall programme with considerable levels of duplication in the curriculum offer. Limiting the length of study for most students to 3 years would achieve further savings at 16-25 and a more structured pathway for pupils into adult care in the community. (See Risk table)

(b) Reducing top up levels in some specialist provision:

The recent external review of special school funding and organisation highlighted some areas of Croydon's provision which are higher cost when benchmarked against similar schools in other Authorities. Some adjustments could be made that bring costs more into line. However, these need to be set against the expectation that school profiles will change with INM pupils being educated more locally in the future.

(c) Rationalisation of local specialist provision (savings in management costs):

A number of Croydon's existing special school sites are no longer fit for purpose and this is becoming clearer as needs become more complex. Depending on availability of suitable sites, there is scope for relocation of provision for SLD/PMLD onto one campus with associated savings in management costs.

It is estimated that the combined effect of these three options could lead to a saving of £1m pa by the end of the 5 year period.

Summary of proposed savings (net):

The savings identified above are summarised in the table below:

Savings category	Net savings pa after 5 years
INM special schools (high cost)	£1.30m
INM special schools (moderate cost)	£0.73m
INM 16-25	£0.63m (tbc once costs of local Croydon provision agreed)
Numbers in specialist provision overall	£1m (+ 0.4m)
Central SEN spend	£0.5m
Other	£1.0m
Total	£5.9m max

Risks/issues:

Reducing existing levels of High Needs spend involves significant challenges and will depend on the shared commitment of local stakeholders. The current national context (with increased parental choice and expectations and more limited Local Authority influence over school practice and priorities) does not make this easy.

In addition, there are a number of design issues that could potentially jeopardise the successful delivery of the deficit recovery programme.

Level and phasing of new investment:

- (i) The new special free school was set in process before the current LA administration. 80 places are being commissioned from September 2020 increasing to 150 in 2023. The intention is that the school should focus on pupils with ASD and significant learning difficulties (as a local alternative to higher cost INM provision), and the school is funded accordingly (£32.7k pa per pupil). However, analysis of the existing INM population indicates that there are only 41 pupils with this kind of profile. While cost savings can be made at an individual pupil level, there are risks that vacancies will be filled by pupils with lower levels of need (who are currently being funded less substantially). There are also concerns that parents of some pupils in the Authority's SLD schools may opt for AVA, reducing their viability.

The DFE has indicated that it expects the school to reach its full numbers within a specified timescale. However, many parents of pupils in independent, non-maintained schools may prefer their children to see out their current school phase before considering new local options.

Restricting probable Independent Non Maintained transfers to key stage 'leavers' suggests a much more modest pattern of AVA admissions, and a slower build-up of pupils and cost savings over time.

There is a big risk that a speedy build-up in numbers will mean that the Authority will have surplus provision that could contribute to an 'upscaling' of overall costs. 80 places in 2020 means an investment of over £2.6m in year 1, leading to £4.9m by 2023. This needs to be matched and significantly exceeded by independent, non-maintained savings at the end of the 5 year period.

If the number of planned places is to be maintained at existing levels, then serious consideration needs to be given to selling a proportion of places to other neighbouring Authorities, so that the school can work on a broader area basis.

- (ii) There are similar issues with the Croydon College development. 70 places (up to 2021/22) are being commissioned at an overall cost of around £1.6m pa (tbc). The expectation is that these will cater for pupils with SLD/PMLD/ASD from post 16 and for those who have traditionally continued into and beyond INM colleges at the end of their 6th form period. There are currently 61 students in independent, non-maintained colleges who are 19+ (Y15 on). 26 of these are at Orchard Hill College Academy Trust (OHCAT), 11 at Young Epilepsy College (YEC) and 6 at Nash. The rest are distributed in ones or twos across a range of other providers. 17 are categorised as ASD and 27 are SLD/PMLD/PD.

If the students who would have attended OHCAT, Nash and YEC all go to Croydon College post 19 in future, net savings per pupil can be made.

If the College admits students at Y14, it may be possible to fill places with pupils currently staying on to 19 in the independent, non-maintained special schools sector (e.g. at Kisimul, Papillon and Eagle House).

A gradual phasing in of the Croydon College provision would help ensure that its focus remained on those with complex and significant needs, and allow time to locate this pathway within a broader local framework for 16-25 education for SEND.

Quality and 'robustness' of new local pathways:

In order to achieve maximum 'buy in' from parents/carers to the new local options, it will be vital to ensure high quality provision. This will take time to establish. Again there would be benefits in a gradual/phased approach to admissions, so that good practice can be extended from a secure base.

A process of 'voluntary transfer' will be necessary (rather than enforced placement changes). While this will encourage parental commitment to the new provision, it will mean that cost reductions will be slower to achieve.

Summary of key risks

Issue	Risk	Mitigation
Increase in special school places (new free special school) – phasing, too many places, too soon	Increased spend in state-funded special school places out-strips savings in ind/nm	Recovery Plan shows increased costs in years one and two, with decreases accruing over the following three years.
16-25 Strategy for Vulnerable Young people is not established and Post 16 pathways to adulthood are not effective in supporting transition for young people from specialist education to adult care in the community at age 20 years for those for whom lifelong supported care is needed	High Needs Block commitments extend to 25 years old, with EHC Plans lapsing (rather than being ceased at 20 years as part of a planned health and care transition process.	SEN Service and transition social workers plan effective pathway into supported independence earlier, with effective communication about the local offer. The offer of supported transition (e.g. through Youth Disability Waddon Pathway) is extended to enable this to be a consistent offer. Eligibility for access to this pathway communicated effectively.
Increased capacity of mainstream schools to meet children's needs, so that there are fewer placements in special schools, a more consistently effective SEN offer in mainstream schools and a reduction in requests for EHC needs assessments and EHC Plans.	The Council is working with locality groups of schools to introduce Inclusion Funding to better meet the needs of children with SEN earlier and without the need for an EHC Plan. Schools are reticent to take part in the pilot inclusion funding programme unless significant sums of 'new/transformation' money is made available. This level of funding is not sustainable in the future and with the current High Needs Block funding pressures.	Provide some additional resource, over and above the original inclusion funding model, in particular, to incentivise the development of a collaborative schools' approach focusing on consistent and preventative good practice (e.g. behavior consultant or literacy specialist teacher employed between schools)

Cooperation from local stakeholders:

Croydon has had a strong historic reliance on specialist provision which has contributed to the current high level of costs. To achieve progressive 'downscaling', it is essential that mainstream schools commit to becoming more inclusive. This does not require changes in all settings but the mainstream offer needs to be more consistently strong, with schools willing to introduce changes in practice and prioritise this area for development.

This may be difficult to achieve at a time when mainstream schools are experiencing a number of cost pressures themselves, as well as increased accountability for school performance. Changes in the new Ofsted framework and resulting from the recently published Timpson review may help some re-balancing of priorities. However, funding pressures remain.

The Authority has decided to 'pump-prime' the development of a new mainstream SEND funding model for a period of 2 years (at a cost of £1.2m pa). This will be provided from core LA budgets. However, this is not sustainable in the long term and funding will be dependent on savings in overall spend on specialist provision and/or increased funding for mainstream schools that may result from the Government's forthcoming spending review.

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Appendix 2

Census comparative analysis: SEN2 2018 and 2019

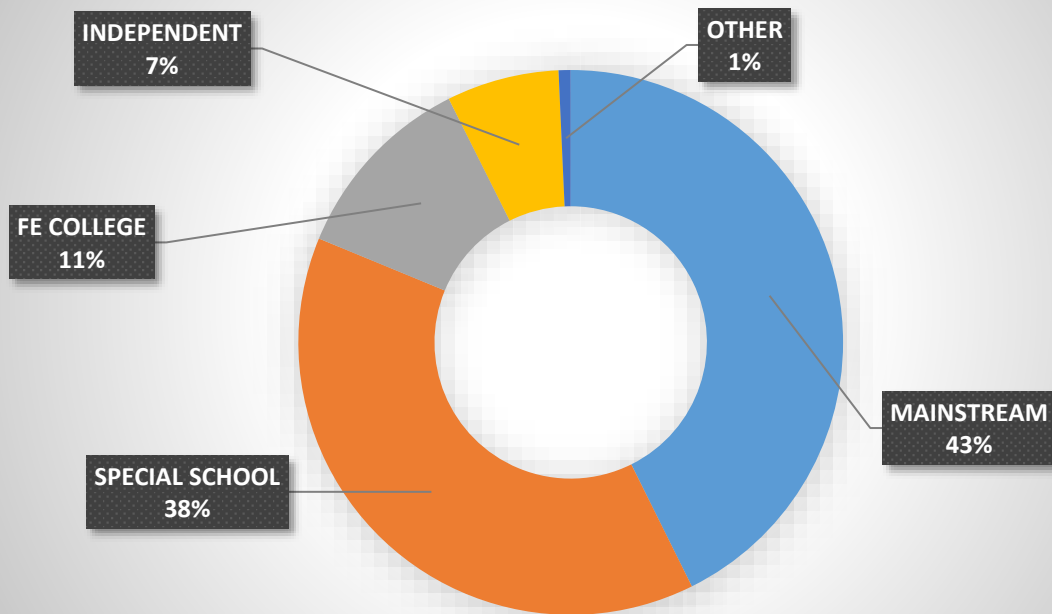
1. Introduction

This report analyses the data from the last 2 years' statutory SEN2 data returns, and draws comparisons in order to inform decisions regarding Croydon's High Needs Block allocation and recovery plan.

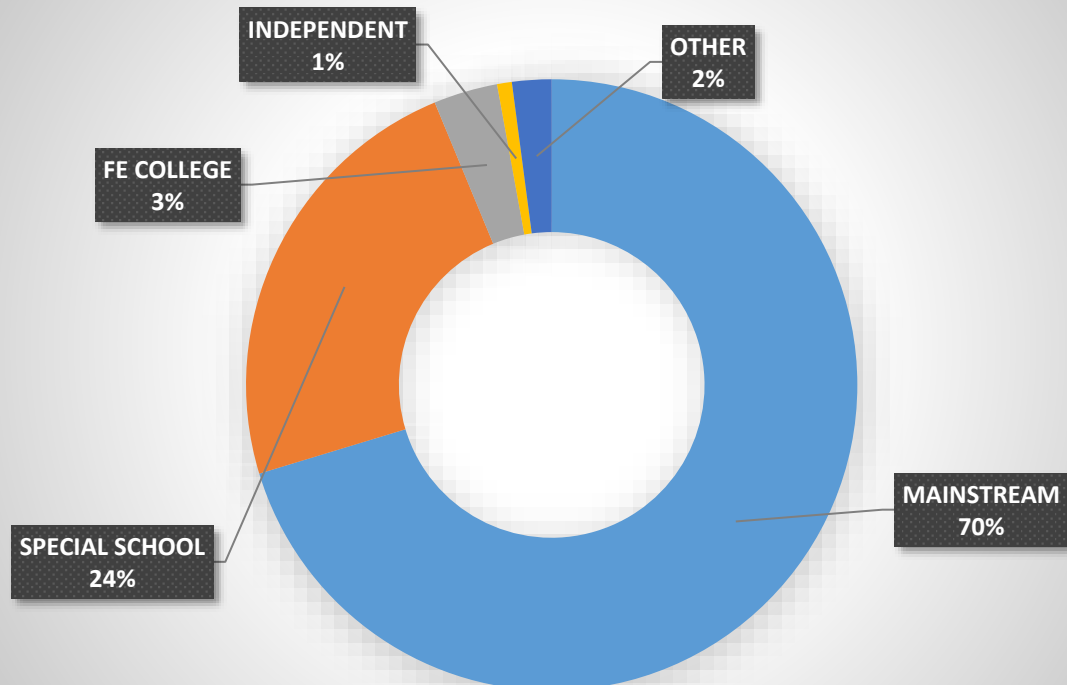
2. Key Features

- Overall EHC Plan numbers are still rising despite rigorous application of the legislation and efforts to ensure new EHC needs assessments and EHC Plans are for those children who need additional and different provision, over and above that which can be provided at SEN Support through the effective use of notional SEN funding. Narrative from school SENCOs indicates that mainstream schools' financial status and the number of schools in deficit or on the verge of deficit budgets has put pressure on capacity to meet children's needs from school block DSG allocation.
- Post-16 continues to be an issue, with more new plans issued in this age range this year and few EHC Plans ceased. The increase in age range of EHC plans up to 25 years through the introduction of the Children and Families Act, with no additional associated funding has been a key factor in the current High Needs Block overspend. We are working with Croydon College and adult social care colleagues to establish a clearer pathway and transition into adulthood. This is likely to take a number of years to have a real financial impact.
- Early Years assessments and the issuing of EHC Plans have increased. From September 2019 and to address the provision for children with SEN early as they transition into school, Personalised Inclusion Funding, is being continued until the end of the EY Foundation Stage (Reception Year). The expectation is, that as a consequence, this trend will show signs of slowing down, as children have their needs met early.
- The number of new plans being issued where the pupil remains in the mainstream sector is 70%, which is positive.

SEN2 2019 All Pupils by Placement Type



SEN2 2019 New EHC Plans by Placement Type



Age Range	Number of EHC Plans SEN2 2018	Number of EHC Plans SEN2 2019	% change
Under age 5	120	132	10.0
Aged 5 to 10	1019	1072	5.2
Aged 11 to 15	984	1092	11.0
Aged 16 to 19	506	601	18.8
Aged 20 to 25	64	102	59.4
	2693	2999	11.4

New Cases

Age Range	Number of EHC Plans SEN2 2018	Number of EHC Plans SEN2 2019	% change
Under age 5	116	132	13.8
Aged 5 to 10	170	162	-4.7
Aged 11 to 15	71	77	8.5
Aged 16 to 19	7	17	142.9
Aged 20 to 25	1	1	0.0
	365	389	6.6

Type of placement for new cases

Provision	Number of EHC Plans SEN2 2018	Number of EHC Plans SEN2 2019	% change
Early Years	2	2	0.0%
State-funded Mainstream	213	233	9.4%
State-funded Mainstream Resourced Provision	42	37	-11.9%
State-funded Special School	79	90	13.9%
Independent Placements (Pre & Post-16)	3	3	0.0%
Post 16 (FE and 6th Form)	3	13	333.3%

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Please see below:

Dedicated Schools Grant Recovery Plan 2019



School and Early Years Finance (England) Regulations
Local Authority Dedicated Schools Grant Deficit Recovery Plan

Please complete this recovery plan template outlining how you will bring your DSG deficit back into balance within a 3 year time frame. Please complete all relevant fields and return the completed recovery plan to financial.management@education.gov.uk

You may wish to include brief supporting attachments with your request such as forum minutes (if links not available) - these can be added towards the bottom of this page. Spreadsheet calculations should be included on the **Financial Summary** tab. Attachments should only be included as supplementary evidence and referenced in the 'details of the request' box.

Local Authority	Croydon
Local Authority number	306
Does schools forum agree with this recovery plan and when was it presented to them?	Yes, 10th June 2019
If yes, please provide link(s) to the minutes and action plans from the schools forum agreement	To be added

What plans have you put in place to reduce the deficit in increments over the next 3 years?	Development of local capacity to meet a broader range of needs and reduce reliance on higher cost placement in the independent non-maintained sector - key focus to date has been increase in good or outstanding special school places. Reduction in ind/nm spend placements and Tribunal appeal outcomes in favour of Local Authority have led to reduction in spend and cost avoidance - outcome: £13.5million (2017/18) CHECK to £11.8 (2018/19). The aim of the recovery plan is to reduce spend in the ind/nm sector to £3million over a five year period. The Council was successful in a capital bid to the DfE for a new free special school (ASD and SLD for 2-19 year olds), this is due to open in September 2020. Assuming the new school, Addington Valley Academy is able to meet the needs of more complex children with ASD and learning difficulties this will save £1.3 million at the end of a three year period. * The Council is investing £3.3 million capital in developing a post 16 SEN Centre for up to 75 young people, key to the success of this provision will be acceptance of a pathway to adulthood transition plan which provides two years further education and a further (Year 14) year which provides a combination programme of two days special education (at the college) and a structured care plan which supports planning and preparing for the young person's longer term support in the community with personal assistance trained, specifically to provide care and access to a programme of supported adult care or supported employment. If successful this will generate £630K savings with a further £330k generated if the combination of education and care provision is offered and accepted in Yr 14. Currently, 40% of the High needs spend is on 17-25 year olds, if the structured special education/supported care pathway is successful and EHC Plans are ceased at the end of Year 14, consistently, this will support delivery of a balanced budget on an on-going basis. Reduction in overall use of specialist education provision, with greater consistency of provision for children with SEN in mainstream schools. Introduction of Inclusion Funding devolved to a locality group of schools to better meet needs early and support provision of a broader curriculum offer, in particular in secondary schools, thereby reducing reliance on MLD special schools. Aiming to increase inclusion of children and reduce reliance on special schools for 100 children - if achieved this will lead to a reduction of £1million. We have started discussions with mainstream schools, through a working group and plan a pilot to start during the academic year 2019/20.
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Max word count: 3000

Can you specify how continuous improvement has reduced the deficit/ is going to reduce the deficit? This could include sharing best practice, new contracts, efficiency savings	South London Partnership - fee negotiation and DPS - reduction in cost of ind/nm setting placements - add value. Increase in local state-funded special school places and local FE providers - reduction in spend in ind/nm sector - add value. Development of different approach to funding children in mainstream schools through pilot Inclusion Funding for locality groups of schools.
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Max word count: 3000

Please provide details of any previous movements between blocks, what current cost pressures those movements covered, and why those transfers have not been adequate to counter the new cost pressures

Table showing movement since 2013.

Description	Amount £ million
2016/17 High Needs Brought Forward	2.568
2016/17 DSG Top Slice	-1.466
2016/17 High Needs Outturn	4.619
2016/17 Overspend Carry Forward	5.721
2017/18 DSG Top Slice	-2.246
2017/18 High Needs Outturn	5.175
2017/18 Overspend Carry Forward	8.650
2018/19 DSG Top Slice	-1.219
2018/19 High Needs Outturn	5.612
2018/19 Overspend Carry Forward	13.043

This has not had an impact on overall High Needs Block spend due to increased demand with numbers of EHC Plans maintained by the Borough increasing from 1800 (2014) to 3000 (Jan 2019). Legislative change in age range up to 25 years and the lack of a structured pathway of provision from education into care or supported employment has led to continued reliance on EHC Plans and High Needs Funding. This issue combined with increasing numbers of mainstream schools with a deficit or near deficit budget, driving up demand for EHC Plans to meet needs of children in mainstream schools has led to demand outstripping High Needs Block.

Max word count: 3000

Please provide details of contributions coming from the health and social care budgets towards the cost of high needs provision

Joint funded school places – value to be added. Joint funded SALT contract: High Needs Block commitment £867k

Max word count: 3000

Please explain how the LA has discharged its duties under section 149 of the Equality Act 2010, C&F 2014 and common law to consult with those affected by the changes proposed.

SEND Strategy consultation - which outlines the approaches to High Needs Resource allocation set out in this recovery plan was consulted on during the period Dec 2018-31st Jan 2019. The SEND Strategy (attached and published online) was approved by Cabinet in March 2019 and the CCG in May 2019. The High Needs Working Group, Schools Forum and Council's Scrutiny committee have been consulted on the Recovery Plan (dates to be added). The Recovery Plan has been presented to the SEND Board (date), parent views are represented on the Board by Croydon's Parent/Carer Forum.

Max word count: 3000

Please include a summary of the savings/and or measure you propose to implement over the next three years which will reduce the overspend.

Add Row

Delete Row

S1	S1 - (i) Independent/non-maintained special schools (high cost) £1.5m by the end of the 5 year period
S2	S2 - (ii) Independent/non-maintained special schools (moderate cost) £730k by the end of the 5 year period
S3	S3 - (iii) Independent/non-maintained 16-25 £0.63m (possibility for further £0.330m) by the end of the 5 year period
S4	S4 - (iv) Reduction in overall use of specialist provision £0.4m by the end of the 5 year period
S5	S5 - (v) Central SEND spend £0.5m by the end of the 5 year period
S6	S6 - (vi) Other areas £1m by the end of the 5 year period

Please discuss the local circumstances that have contributed to your deficit. Please provide a brief summary of the pressures in the box below and transfer the forecast spend in this area on the financial summary tab via the appropriate link. Local authorities should consider providing budget pressures in the following areas:
A) mainstream schools; B) state-funded special schools,
C) further education and sixth form colleges,
D) independent specialist provision; E) alternative provision

Add Row

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P1	Increase in state-funded Special Provision within Croydon, including a new Free School for ASD
P2	change in the complexity of Mainstream state-funded provision within Croydon and an increased commitment to inclusion
P3	Increased spend on state-funded specialist provision within the FE sector working with Croydon FE on a post 16 Centre of Excellence

Please provide any further detail here if required, including any attachments that support your recovery plan and any disapplication reference number.

Schools Forum and Scrutiny Reports

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DSG Deficit Recovery Plan

Ref.	Block	Type of provision e.g. special schools	Action e.g. increasing special school places	Year 1		Year 2	Year 3	Year 4	Year 5
				2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
				£	£	£	£	£	£
DSG Balance b/f					9,194,000	9,509,000	8,324,000	6,849,000	5,694,000
Savings (figures should be entered as negative values)									
S1					(1,000,000)	(1,500,000)	(2,000,000)	(2,000,000)	(2,185,000)
S2			(150,000)		(150,000)	(250,000)	(250,000)	(446,000)	
S3			(150,000)		(150,000)	(150,000)	(150,000)	(150,000)	
S4			(300,000)		(300,000)	(300,000)	(300,000)	(300,000)	
S5			(100,000)		(100,000)	(100,000)	(100,000)	(100,000)	
S6			(75,000)		(75,000)	(175,000)	(175,000)	(408,000)	
Total savings				0	(1,775,000)	(2,275,000)	(2,975,000)	(2,975,000)	(3,589,000)
Pressures (figures should be entered as positive values)									
P1					1,000,000	1,000,000	1,000,000	1,000,000	478,000
P2					1,000,000	0	0	0	0
P3					90,000	90,000	500,000	820,000	1,000,000
Additional Pressures (figures should be entered as positive values)				0	2,090,000	1,090,000	1,500,000	1,820,000	1,478,000
Cost reductions from impact of recovery plan				0	315,000	(1,185,000)	(1,475,000)	(1,155,000)	(2,111,000)
Total DSG forecast overspend									
Net in year impact on High Needs DSG				0	315,000	(1,185,000)	(1,475,000)	(1,155,000)	(2,111,000)
Estimated High Needs Block change (additional grant)									
Approved transfer of schools block to HN block									
Other adjustments									
Net in year Forecast Outturn Variance				0	315,000	(1,185,000)	(1,475,000)	(1,155,000)	(2,111,000)
DSG Balance – show a deficit as a positive value				9,194,000	9,509,000	8,324,000	6,849,000	5,694,000	3,583,000
				DEFICIT	DEFICIT	DEFICIT	DEFICIT	DEFICIT	DEFICIT

Independent Placements
(8,685,000)
State-funded Out of Authority Provision
(1,246,000)
Better FE College Pathway
(750,000)
PRU/AP/Beckmead
(1,500,000)
Centrally Funded Support
(500,000)
Other - Merging Schools, Re-allocation
(908,000)
(13,589,000)

Special School Provision
4,478,000
Mainstream Provision
1,000,000
Croydon Centre of Excellence
2,500,000
7,978,000

(5,611,000)
(5,611,000)

Education, Health and
Care Plans

	Number of CYP with Statements / EHCPs	Total HNB	Outturn	Cumulative
2016	2217	£50,896,000	£53,465,000	
2017	2491	£51,418,000	£56,037,000	
2018	2693	£55,532,000	£60,707,000	
2019	2999	£56,639,000	£63,179,000	
2020				
2021				

	2016	% against total	2017	% against total	2018	% against total	2019	% against total	2020	% against total	2021	% against total
Under Age 5	99	4%		-	265	10%	132	4%		-		-
Aged 5-10	840	38%		-	1041	40%	1072	36%		-		-
Aged 11-15	965	44%		-	994	38%	1092	36%		-		-
Aged 16-19	313	14%		-	293	11%	601	20%		-		-
Aged 20-25	0	0%		-	17	1%	102	3%		-		-
Total	2217	100%	0	0%	2610	100%	2999	100%	0	0%	0	0%